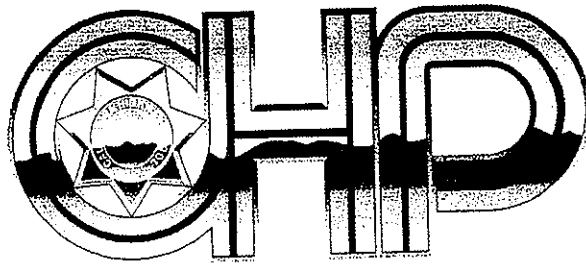


DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

**COMMAND AUDIT OF PERSONNEL
TRANSACTIONS UNIT**



FINAL REPORT

MAY 29, 2009

M e m o r a n d u m

Date: May 29, 2009

To: Office of the Commissioner
Attention: Commissioner J. A. FarrowFrom: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Office of the Assistant Commissioner, Inspector General

File No.: 005.9968.A13471.010

Subject: FINAL 2008 COMMAND AUDIT REPORT OF PERSONNEL
TRANSACTIONS UNIT**COPY**

In accordance with the Institute of Internal Auditors, *International Standards for the Professional Practice of Internal Auditing* § 2020, issued by the Institute of Internal Auditors, Government Code §13887 (a)(2), and the California Highway Patrol Audit Charter, I am issuing the 2008 Command Audit Report of the Personnel Transactions Unit. The audit focused on the command's purchasing, and personnel records.

The audit revealed the command has adequate operations. However, some weaknesses were observed. This report presents suggestions for management to improve on some of its operations. In doing so, operations would be strengthened and the command would ensure it is operating in compliance with policies and procedures. We have included our specific findings, recommendations, and other pertinent information in the report. Personnel Transactions Unit mostly agreed with the findings and plans to take corrective actions to improve its operations. The command will be required to provide quarterly updates to the Office of Inspections on the progress of their corrective action plan implementation until the command has resolved all deficiencies. Additionally, the Office of Inspections plans on conducting a follow-up review within one year from the date of this final report.

Additionally, in accordance with the *International Standards for the Professional Practice of Internal Auditing* and Government Code §13887 (a)(2), this report, the response, and any follow-up documentation is intended solely for the information and use of the Office of the Commissioner; Office of the Assistant Commissioner, Staff; Office of the Assistant Commissioner, Inspector General; Office of Legal Affairs; Office of Inspections; Administrative Services Division; and Human Resources Section. Please note this report restriction is not meant to limit distribution of the report, which is a matter of public record pursuant to Government Code 6250 et seq.

Safety, Service, and Security

Office of the Commissioner

Page 2

May 29, 2009

The Office of Inspections would like to thank the Personnel Transactions Unit's management and staff for their cooperation during the audit. If you need further information, please contact Assistant Chief Ken Hill at (916) 843-3005.



M. C. A. SANTIAGO

Assistant Commissioner

cc: Office of the Assistant Commissioner, Staff
Office of Legal Affairs
Office of Inspections
Administrative Services Division
Human Resources Section
Personnel Transactions Unit

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

*COMMAND AUDIT OF PERSONNEL
TRANSACTIONS UNIT*

OFFICE OF INSPECTIONS, AUDITS UNIT

MAY 29, 2009

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EXECUTIVE SUMMARY

The Commissioner has the responsibility, by statute, to enforce laws regulating the operation of vehicles and use of highways in the State of California and to provide the highest level of safety, service, and security to the people of California. Accordingly, the Office of the Commissioner directed the Office of Inspections, Audits Unit, to perform an audit of a command selected by each Division. The Personnel Management Division (reorganized as the Human Resources Section under the Administrative Services Division) selected the Personnel Services Section (reorganized as the Personnel Transactions Unit), which will be referred to as the Personnel Transactions Unit for this report. Prior to the start of the audit field work, the auditor contacted the Administrative Services Division commander and confirmed that the audit of the Personnel Transactions Unit was the Division's selection.

The California Highway Patrol's (CHP) 2008-2009 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP's direction. One strategic goal is to continuously look for ways to increase the efficiency and/or effectiveness of departmental operations.

The audit scope period covered the twelve months prior to the start of the audit field work. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the final six months of fiscal year 2007 - 2008.

Based on the review of the command's operations, this audit revealed it has complied with most of the operational policies. However, some weaknesses were observed. The following is a summary of the identified weaknesses:

Purchasing

- The command did not maintain its purchasing files.
- The command did not maintain a list of staff authorized to approve purchase documents nor did the command ensure Purchase Requisition (CHP 43) forms were only signed by an authorized employee.

Personnel Records

- The command did not evaluate their employees timely.

Please refer to the Findings and Recommendations section for detailed information.

AUDIT REPORT

INTRODUCTION

To ensure the California Highway Patrol's (CHP) operation is efficient and/or effective and internal controls are in place and operational, the Office of the Commissioner directed the Office of Inspections, Audits Unit, to perform an audit of a command selected by each Division. Personnel Management Division selected Personnel Services Section. The Personnel Management Division (reorganized as the Human Resources Section under the Administrative Services Division). The Personnel Services Section (reorganized as the Personnel Transactions Unit), which will be refer to as the Personnel Transactions Unit for this report. Prior to the start of audit field work, the auditor contacted the Administrative Services Division (ASD) commander and confirmed that the audit of the Personnel Transactions Unit was the Division's selection.

The CHP's 2008-2009 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP's direction. One strategic goal is to continuously look for ways to increase the efficiency and/or effectiveness of departmental operations. This audit will assist the CHP in meeting its goal.

OBJECTIVE AND SCOPE

The objective of the evaluation is to determine if the command has complied with operational policies and procedures that provide managers with reasonable, but not absolute, assurance departmental operations are being properly executed. The audit period was twelve months prior to the start of the audit field work. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the final six months of fiscal year 2007 - 2008. This audit included the review of existing policies and procedures, as well as, examining and testing recorded transactions, to determine compliance with established policies, procedures, and good business practices. The audit field work was conducted from November 17 - 21, 2008.

METHODOLOGY

Each Division commander selected one command to be audited regarding their cash receipts, contracts, evidence, purchasing, reimbursable service contracts, and advanced payments for predetermined services. Additionally, the Division commander could select any of the following topics: asset forfeiture, fleet operations, personnel records, and strategic plan reporting. The ASD commander selected personnel records. When preparing for the audit, and due to limited auditing resources, reimbursable service contracts was reduced to an examination of the Driving Under the Influence (DUI) Cost Recovery Program and advanced payments for predetermined services was reduced to Wide Load Services. Also, the audit of evidence was limited to guns, drugs, and money. Sample selection of areas to be audited was primarily random or judgmental. Whenever possible, the use of risk assessment was used to select a sample containing the highest

probability of risk to the command. Furthermore, the auditors reviewed prior audit reports and findings.

OVERVIEW

Cash Receipts: The command does not handle or maintain cash receipts.

Contracts: The command does not handle or maintain contracts.

Evidence: The command does not handle or maintain evidence.

Purchasing: The command did not maintain its purchasing files. Additionally, the command did not maintain a list of staff authorized to approve purchase documents nor did the command ensure Purchase Requisition (CHP 43) forms were only signed by an authorized employee.

Reimbursable Service Contracts: The command does not handle or maintain reimbursable services for DUI cost recovery.

Advance Payments for Predetermine Services: The command does not handle or maintain advance payments for Wide Load Services.

Personnel Records: The command did not evaluate their employees timely.

This audit revealed the command has adequate operations, nevertheless, weaknesses were discovered, which if left unchecked could have a future negative impact on the command and Department operations. These weaknesses should be addressed by management to maintain the command's compliance with appropriate law, regulations, policies, and procedures. The findings and appropriate recommendations are presented in this report.

As a result of changing conditions and the degree of compliance with policies and procedures, the efficiency and effectiveness of operations change over time. Specific limitations may hinder the efficiency and effectiveness of an otherwise adequate operation include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, fraud, and management overrides. Establishing compliant and safe operations and sound internal controls would prevent or reduce these limitations; moreover, an audit may not always detect these limitations.

FINDINGS AND RECOMMENDATIONS

PURCHASING

- FINDING 1:** The command did not maintain its purchasing files.
- Condition:** Eleven purchase order files were selected for the audit. Three of the 11 purchase files were not available for review.
- Criteria:** Government Code (GC), Section 13403(a)(3) states, "A system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures."
- Highway Patrol Manual (HPM) 11.2, Chapter 7, Purchases, Paragraph 14.a.(12)(b)1 states, "Each command should maintain a complete file of CHP 43s, with attachments. A copy of the corresponding purchase order should be attached to the CHP 43 indicating that the request has been processed."
- Recommendations:** The command should ensure all purchase files are maintained and available for review.
- FINDING 2:** The command did not maintain a list of staff authorized to approve purchase documents nor did the command ensure Purchase Requisition (CHP 43) forms were only signed by an authorized employee.
- Condition:** The command was unable to provide a list of employees authorized to approve purchase requests. Additionally, five of the eight purchase order files audited were missing the approval signature on the Purchase Requisition (CHP 43) form.
- Criteria:** GC, Section 13403(a)(3) states, "A system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures."
- GC, Section 13403(a)(6) states, "An effective system of internal review."
- HPM 11.2, Chapter 7, Purchases, Paragraph 6.c. states, "By signing the CHP 43, the commander or designee shall ensure that the requested item(s) meet the guidelines set forth in this chapter and all other pertinent chapters in HPM 11.2, Materials Management Manual."
- HPM 11.2, Chapter 7, Purchases, Paragraph 14.a.(5), states, "The CHP 43 shall be signed by the commander...NOTE: All CHP Divisions and commands shall ensure that an updated memorandum is provided to PSU showing the typed name, title, and signature of those authorized to sign

and approve the CHP 43 or the expenditure of the Division equipment allocations.”

Recommendation: The command should maintain a current memorandum listing the name, title, and signature of those authorized to sign and approve Purchase Requisition (CHP 43) forms and ensure they are only signed by authorized employees.

PERSONNEL RECORDS

FINDING 1: The command did not evaluate their employees timely.

Condition: Nine of the ten personnel field files audited revealed employees did not receive a current evaluation.

Criteria: HPM 10.3, Chapter 30, Personnel and Medical Files, Paragraph 10.d.(2)(a) states, “CHP 270, Service Record, shall be maintained on a current basis for all personnel and shall be reviewed annually when the performance appraisal is conducted. The annual review of the information shall be noted in the space provided on the CHP 270, Service Record.”

HPM 10.10, Chapter 15, Performance Appraisal Process for Nonuniformed Employees, Paragraph 2.a.(1), states “For those employees who do not have specific performance evaluation provision in their labor agreements, performance appraisal shall be completed and submitted to Business Services Section, Personnel Files, within 30 days following the employee’s anniversary date of appointment in the current job classification.”

Recommendation: The command should evaluate their employees timely.

CONCLUSION

Based on the review of the command's operation, this audit revealed the command has adequate operations. However, some weaknesses were observed. This report presents suggestions for management to improve on some of its operations. In doing so, operations would be strengthened and the command would operate in accordance to departmental policies and procedures.

ANNEX

A

M e m o r a n d u m

Date: April 28, 2009

To: Office of Inspections

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Human Resources Section

File No.: 077.A15039

Subject: RESPONSE TO 2008 COMMAND AUDIT REPORT OF PERSONNEL
TRANSACTIONS UNIT

Included in this correspondence is my response to each of the findings listed in the audit report draft I received from you on April 1, 2009. Although the report indicated an overall rating of adequate, three weaknesses were identified as requiring attention. Specifically:

PURCHASING

Finding 1: The command does not maintain purchasing files.

Finding 2: The command does not maintain a list of staff authorized to approve purchase documents or ensure that Purchase Requisitions (CHP 43) are signed by an authorized employee.

PERSONNEL RECORDS

Finding 1: The command does not evaluate their employees in a timely manner.

I mostly agree with your findings and have developed corrective plans (attached) that I believe will remedy each deficiency you identified. In addition, I will provide you with quarterly updates until the corrective plan for each of the three deficiencies is fully implemented.

I appreciate this opportunity to improve the services provided by the Human Resources Section (HRS), and I am confident that the HRS will be able to report to you very soon that our corrective plan is fully implemented. I look forward to your final audit report as well as the follow-up audit.


ALYSON COONEY
Commander

Attachments

cc: Administrative Services Division
Assistant Commissioner, Inspector General

Safety, Service, and Security

PURCHASING CORRECTIVE PLAN

PURCHASING

FINDING 1:

Command does not maintain purchasing files. I agree with this finding.

It should be noted that the purchasing function was not handled by the Personnel Transactions Unit (PTU) at the time of the audit, but by a Division employee in the Personnel Management Division who has since been transferred to another section within the Administrative Services Division (ASD). Upon the reorganization and merger with ASD, PTU inherited the responsibility and has already put a corrective plan in place.

CORRECTIVE PLAN:

In an effort to come into compliance with Government Code (GC) Section 13403(a)(3) and Highway Patrol Manual (HPM) 11.2, Chapter 7, Purchases, Paragraph 14.a.(12)(b)1, the Human Resources Section (HRS) has implemented a record keeping system as described below that will provide effective accounting control over liabilities, revenue and expenditures.

Kathy Olivas, HRS Administrative Assistant, has developed and maintains a binder titled Equipment Expenditures. Within the binder are three sections:

1. Equipment Requisitions
2. Miscellaneous Requisitions
3. Information Technology Requisitions

Within each section is a comprehensive worksheet titled Human Resources Section 2008/2009 Equipment List (copy attached). This document indicates the total dollar amount approved for equipment, a listing of equipment purchased, and the details of each expenditure. A balance worksheet (copy attached) and copies of each Purchase Requisition (CHP 43) with the appropriate approval signatures and supporting documentation are also contained within each section. The binder is maintained by fiscal year.

Kathy Olivas has developed and maintains a binder titled Allocated Resources Management System (ARMS). Within the binder are separate sections for the various types of expenditures (Contracts, Printing, Equipment, Overtime, etc). Within each section is a Balance Worksheet (copy attached) for expenditures related to that section. This report will provide the reader with the total expenditures to date, any pending expenditures and the available fund balance. The binder is maintained by fiscal year.

Kathy Olivas has developed and maintains a binder titled Training Expenditures. Within the binder is a worksheet (copy attached) that identifies the section's total training allocation. The worksheet is followed by copies of each Request for Out-Service Training (CHP 50) and all of the supporting documents. The binder is maintained by fiscal year.

The binders are located in the Human Resources Section, Cubicle 261. To review them, contact Kathy Olivas at (916) 375-2132.

PURCHASING

FINDING 2:

Command does not maintain a list of staff authorized to approve purchase documents or ensure that Purchase Requisitions (CHP 43) are signed by an authorized employee. I agree with this finding.

CORRECTIVE PLAN:

In an effort to come into compliance with GC Section 13403(a)(3); GC Section 13402(a)(6); HPM 11.2, Chapter 7, Purchases, Paragraph 6.c.; and HPM 11.2, Chapter 7, Purchases, Paragraph 14.a(5), HRS is in the process of implementing the following:

1. Effective immediately, the commander or his/her designee will be the only HRS employee authorized to approve Purchase Requisitions. All HRS staff have been notified of this by email (copy attached). In addition, a procedural memorandum has been placed in each of the aforementioned binders stating that the commander's signature is required for all purchase requests.
2. Every purchase order for the current fiscal year has been reviewed and contains the signature of the appropriate authority.

The binders are located in the HRS, Cubicle 261. To review them, contact Kathy Olivas at (916) 375-2132.

PERSONNEL RECORDS

CORRECTIVE

PLAN

PERSONNEL RECORDS

FINDING 1:

Command does not evaluate their employees in a timely manner. I agree with this finding in part as some managers and supervisors have provided timely performance evaluations.

CORRECTIVE PLAN:

In an effort to come into compliance with GC Section 19992-19992.4; Department of Personnel Administration Rule 599.798; HPM 10.3, Chapter 30, Personnel and Medical Files, Paragraph 10.d.(2)(a); and HPM 10.10, Chapter 15, Performance Appraisal Process for Nonuniformed Employees, Paragraph 2.a.(1), the following has been or is in the process of being implemented:

Kathy Olivas has developed a database that identifies each HRS employee and the date that his/her next performance evaluation is due. On or about the first working day of each month Ms. Olivas sends a notice to each supervisor via email reminding them of the performance evaluations due that month. Currently, the database does not include employees within the Personnel Transactions Unit (PTU).

I have asked PTU to compile a listing of employees, the date of their last performance evaluation, and the due date of their next evaluation. This information is due to me by May 1, 2009. Upon receipt of the information, it will be immediately added to the database.

Currently, once an HRS manager or supervisor has been notified of pending due dates for performance evaluation(s), no further follow-up is conducted. Effective May 31, 2009, the HRS commander will be notified of all outstanding performance evaluations. The commander will follow up with the manager or supervisor and direct them to immediately complete the evaluation.

Performance evaluations will be filed in each employee's field folder.

SAMPLE 2008/09

EQUIPMENT LIST

Human Resources Section
2008/2009 Equipment List

Total Allocation \$103,750.00

<u>Unit</u>	<u>Equipment Description</u>	<u>Quantity</u>	<u>Cost</u>	<u>Total Cost</u>	<u>PR</u>	<u>Order #</u>
SSEU	Chairs	3	\$ 1,197.00	\$ 1,197.00	077PR8002	
HRS	HP LaserJet Color Printer	1	\$ 793.72	\$ 855.23	077PR8004	
PTU	ID Card Printer/System	1	\$ 21,097.70	\$ 22,792.77	077PR8006	
SSEU	Jackson Strength Evaluation System	18	\$ 53,946.00	\$ 59,206.81	038PR8504	

12/11/08 - Per Lisa Paolini, moved \$59,250 from ACS Reserve to ASD/HR Division Equipment for purchase of Jackson Strength Evaluation Systems.

1/15/09 - Nancy Leonard transferred \$25,000 from ACS Reserves to PMD equipment for ID card printer/system

Total Allocation Expended \$ 84,051.81

SAMPLE 2008/09

ARMS WORKSHEET

CHP Allocated Resources Management System
Balance Worksheet - Spending Delegation Details

Run On: February 18, 2009

Report Parameters:

Fiscal Year: 2008

Fiscal Month: February

Division: 070 - Administrative
Services Division

Command: 3077 - Human Resources Section

Project:

Trans. Date	Category	Object	Comments	Amount	Redir.
12/30/2008	TOTAL - Equipment - Division		Initial Delegation	19,500	N
01/26/2009	TOTAL - Equipment - Division		Add transfer fr ACS Reserve for PAT equip	59,200	N
Total:				78,700	

CHP Allocated Resources Management System
Balance Worksheet - Detailed Mode

Run On: January 14, 2009

Report Parameters:

Fiscal Year: 2008 Fiscal Month: Project:
Division: 070 - Command: 3077 - Human Resources
Administrative Services Section
Division

Category	Object	Allocation	YTD Exp	Unspent Bal	Enc Bal	Pending	Unob Bal
Temporary Help	033.20 - Headquarters #940	82,870	13,685	0	0	0	0
TOTAL - Temporary Help		82,870	13,685	69,185	0	0	69,185
Overtime - Non-Uniform	083.30 - Headquarters #901	125,000	38	0	0	10,826	0
TOTAL - Overtime - Non-Uniform		125,000	38	124,962	0	13,246	111,716
TOTAL - General Expense		24,000	0	24,000	0	0	24,000
TOTAL - Printing		3,000	0	3,000	0	0	3,000
TOTAL - Training		15,000	0	15,000	0	0	15,000
Consulting Services	418.00 - Other		62,307	0	0	0	0
TOTAL - Consulting Services		6,047,648	62,307	5,985,341	0	0	5,985,341
TOTAL - Information Technology		10,000	0	10,000	0	0	10,000
TOTAL - Law Enforcement Materials		2,000	0	2,000	0	0	2,000
TOTAL - Equipment - Division		19,500	0	19,500	0	1,197	18,303

SAMPLE 2008/09

TRAINING

Human Resources Section
2008/2009 Training Expenditures

Total Allocation

\$15,000.00

<u>Unit</u>	<u>Training Description</u>	<u># Attendess</u>	<u>Cost</u>	<u>Total Cost</u>	<u>Notes</u>
PTU	Emergency Family & Medical Leave Act Seminar (B. Missildine, L. Cummins)	2	\$ 199.00	\$ 398.00	To ASD 1/6/09
		1	\$ 290.00	\$ 290.00	To ASD 1/9/09
SSEU	Job Analysis (K. Marshall)	1	\$ 290.00	\$ 290.00	To ASD 1/9/09
SSEU	Job Analysis (K. Manley)	1	\$ 290.00	\$ 290.00	To ASD 1/9/09
SSEU	Job Analysis (S. Anderson)	1	\$ 290.00	\$ 290.00	To ASD 1/9/09
SSEU	Job Analysis (M. Valencia)	1	\$ 290.00	\$ 290.00	To ASD 1/9/09
SSEU	Job Analysis (C. Babby)	1	\$ 290.00	\$ 290.00	To ASD 1/9/09
SSEU	Job Analysis (S. Lemus)	1	\$ 290.00	\$ 290.00	To ASD 1/9/09
SSEU	Job Analysis (C. Ernst)	1	\$ 290.00	\$ 290.00	To ASD 2/11/09
PTU	Business Writing and Grammar Skills (K. Brusseau, A. Edwards, K. Vlahos)	3	\$ 249.00	\$ 747.00	To ASD 2/23/09
		1	\$ 290.00	\$ 290.00	To ASD
SSEU	Job Analysis (L. Knotts)	1	\$ 140.00	\$ 140.00	To ASD 3/20/09
SSEU	Time Management (Cathy Short)				
SSEU	Examination Planning (C. Ernst and M. Valencia)	2	\$ 145.00	\$ 290.00	To ASD 4/3/09
		2	\$ 145.00	\$ 290.00	To ASD 4/3/09
SSEU	Scoring Models (C. Ernst and M. Valencia)	2			
SSEU	Developing and Using Written Examinations (C. Ernst and M. Valencia)	2	\$ 145.00	\$ 290.00	To ASD 4/3/09
SSEU	Work Sample and Performance Tests (C. Ernst and M. Valencia)	2	\$ 145.00	\$ 290.00	To ASD 4/3/09
SSEU	Developing Interviews (C. Ernst and M. Valencia)	2	\$ 290.00	\$ 580.00	To ASD 4/3/09
SSEU	Supplemental Applications (C. Ernst and M. Valencia)	2	\$ 145.00	\$ 290.00	To ASD 4/3/09
SSEU	Interpreting Item Analysis (C. Ernst and M. Valencia)	2	\$ 145.00	\$ 290.00	To ASD 4/3/09
SSEU	Statistics Made Easy for Personnel Selection (C. Ernst and M. Valencia)	2	\$ 145.00	\$ 290.00	To ASD 4/3/09
HRS	Labor Relations and Human Resources Training Conference	16	\$ 25.00	\$ 400.00	To ASD 4/9/09

Total Allocation Expended \$ 6,615.00

Remaining Allocation \$8,385.00